

# START YOUR BUSINESS

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# THE BUSINESS CHECKLIST

BY JOHN LEYDEN

*Top 10 Financial things to think about  
when starting a business*

## Business Plan

There is a saying – fail to plan, plan to fail – if you don't have a business plan you do not know where you are going or how you are going to get there.

## Exit Plan

It's strange that you are being advised to think about selling or exiting the business before you have even started it! However, it is important as it can impact on how you set up and run the business – aim to run the business so that you can exit if you want to.

## Cash Flow Planning

Cash is the lifeblood of a business – much more so than profits – it is therefore essential to have a cash flow forecast for your business.

## Funding

Have a think about how you are going to fund the business – your own resources, family and friends, outside investors, or bank finance.

## Type of Business and Agreements With Shareholders or Partners

You need to decide whether you want to be a Sole Trader, Partnership (Limited or Unlimited), or Company (Limited or Public Limited).

## Budget for Professional Advisers

Choose your advisers carefully – not just based on cost but on how good they are and whether you get on with them – there is no such thing as cheap advice and advice from people you do not respect is usually not valued!

That said always try to get people who can work within a budget and on fixed fees (but realistic ones). You will need Accountants, Lawyers, Marketing Consultants, Insurance Brokers, IT Consultants, and Bankers.

## HMRC

As part of your business start-up you will need to consider what taxes you have to register for – Income tax and National Insurance, Corporation Tax,



PAYE/National Insurance, Value Added Tax, and Construction Industry Tax.

Remember: Avoid fines and penalties – they will kill your business!

## Employees

Ensure you recruit good people – first time, every time – there is nothing more costly than having poor performance or poor attitude.

## Suppliers

Develop relationships with your suppliers – it will help you get better terms on either prices or the credit period.

## Marketing

Budget as much as you can to get your message out there – get the biggest bang for your buck – the best ideas fail because the business has not got enough marketing resources – but in these digital days you can get huge exposure for very little outlay through viral marketing and web presence.

And now a bit more on the Top 3...

## Business Plan

Write a full business plan at the outset – setting out what you are trying to achieve:

## What products or services are you offering?

- What is the business model – pricing, terms, additional revenue streams?

- How is the product or service delivered?
- What is the cost base of the business?
- Who are your suppliers going to be?
- How is the business run – who is doing what?
- How do you plan to market the business?
- What capital do you need to get the business off the ground (and keep it there)?

## Exit Strategy

It may seem strange that you are being advised to think about selling or exiting the business before you have even started it! However, it is important as it can impact on how you set up and run the business.

If you plan to run a “lifestyle” business (ie, one that generates an income but cannot be easily sold when you want to move on) then it probably does not matter too much.

If, on the other hand, you plan to build a business that will ultimately be capable of operating without your involvement, then you should think about when and how you are going to exit to sell the business upfront and who is likely to buy it – that way you can build the business with the buyer in mind.

Many businesses succeed but many also fail – it is essential to understand what you are getting yourself into – and limit how much of your hard earned capital you are willing to risk – too many people go into business with their eyes closed and end up losing everything – including their home because they did not plan or set limits upfront.

I would strongly recommend that any business should have at least 3-6 months of visibility of its cash flows – and your cash flow projections should be updated regularly. Generally, the tighter your cash flow is the more regularly you should update your projection!

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